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## BI Daily

13 September 2024

### GLOBAL TRENDS

#### **Embracing the Future: Unlocking Opportunities with Low and No Alcohol Wines**

The resistance among hardcore oenophiles to the rise of low and no alcohol wines was completely understandable ... at first. But at this point, it's clear that what seemed like it could be a trend, has become a way of life for many people across the country — even those who love to enjoy a glass, or occasionally three, of fully alcoholic wine.

Some winemakers and industry gatekeepers, while initially bristling at the notion of creating, selling or consuming no- or low-alcohol wines, are now reconsidering, given the increased sales opportunities and, more recently, the pervasive glut of grapes on the market due to over planting and decreased general wine consumption.

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#### **EU Commission Convenes Group to Address Wine Industry Challenges**

The European Federation of Origin Wines (EFOW), representing the European Union's (EU) wine appellations, has outlined its proposals to ensure a competitive and resilient wine sector. This was during the inaugural meeting of the High-Level Group on Wine Policy, a body convened by the European Commission to assess and secure the long-term sustainability of the wine industry.

**Declining Wine Consumption:** Over the past decade, wine consumption in Europe has steadily decreased. Forecasts from the European Commission suggest that this downward trend will continue, as wine becomes more of an occasional indulgence than a staple.

Compounding this issue, several EU countries have adopted stringent public health policies targeting alcohol consumption, including moderate wine consumption.

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## How is the RTD landscape shifting?

RTDs are a fast-paced and diverse sector of the beverage alcohol market, wielding growing influence on the shape of the overall industry landscape. They are increasingly taking share from beer and wine, offering consumers a way to discover new brands and enjoy a wider variety of consumption occasions.

The overall pace of innovation has slowed: having reached a peak in 2021, new product launches across 10 key RTD markets have been declining year-on-year, with the exception of Japan and South Africa. As the RTD category matures in some markets, we will see more product rationalisation to combat consumer fatigue and oversaturation. Producers will need to be more strategic and targeted in their product launches.

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## MAJOR WINE PRODUCING COUNTRIES

### France to produce one of smallest vintages in a century

The production of wine in France is estimated to decline by 18% year-on-year and 11% against a five-year average, according to figures from the French government's agricultural statistics department.

Wine production is now estimated to be 39.3 million hectolitres, according to figures from Agreste, the statistics and forecasting department of the Ministry of Agriculture and Food. This would make it one of the lowest years for production since the Second World War, when the industry was recovering, and one of the smallest harvests in a century — going back 67 years to 1957 for the last time production was this small. The ministry reported last year that the harvest fell within the five-year average range of 44.5 to 46.1 million hectolitres.

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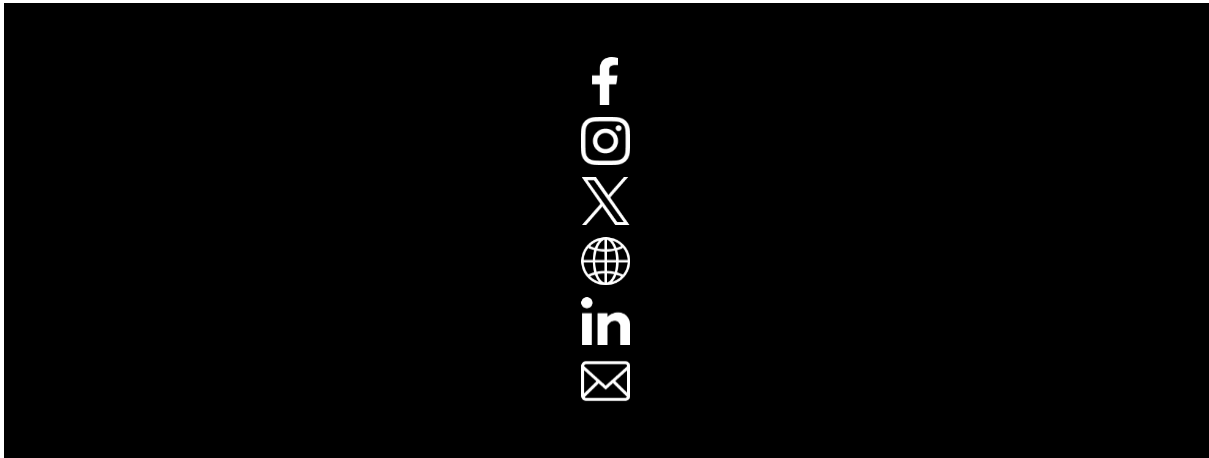
### New Zealand Considers the Big Challenges

The recent Wine Business Forum organised by New Zealand Winegrowers considered everything from wine tourism to e-commerce in China. Also on the day's agenda was the question of how New Zealand can develop its wine tourism offering. "We are not the easiest place to travel to," admitted René de Monchy, Chief Executive of Tourism New Zealand. "Using pre-Covid figures, we were about 0.3% of global travel. People have to really fall in love with New Zealand to make the commitment to come here."

In Australia, consumers are drinking less. "The biggest impact we're seeing in total alcohol moderation is what we're calling a reduction in alcohol occasions — lower tempo, mid-week occasions are in decline," said Andrew Shedden, Head of Fine Wine for Endeavour Group.

"A lot of the heartland occasions that have been so important to wine — meals, at-home occasions — are either static or in decline."

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